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HINKLEY POINT GO-AHEAD: HAS THE “GOLDEN ERA” IN UK/SINO RELATIONS BEEN MAINTAINED?

The UK government has given the go-ahead for construction of the nuclear power station at Hinkley Point. Although there is to be no amendment to the commercial terms of the project, to be built by EDF with co-investment from the China National Nuclear Corporation (CNNC) and China Guangdong Nuclear Power (CGNP), there are to be “new rules governing foreign investment in critical infrastructure”.

In undertaking a review of the “*public interest*” test in the Enterprise Act 2002, determining when Government can intervene in significant deals, the impact of the nuclear programme is uncertain.

We are told that in future there will be:

- “[a]...”*legal framework for foreign investment in critical infrastructure*”; and
- “...*additional security scrutiny to which the government plans to subject future nuclear projects*...”.

The first of these, whereby the government will in future hold a golden share in all nuclear power projects, is unexceptional. But of more concern, potentially to Beijing, is the as yet unclear nature of additional security scrutiny.

China agreed to invest £6bn into Hinkley Point so as to be able to build its own reactors in the UK as a shop window for its capabilities. None of the major components in the Hinkley power plant, all of which have already been procured, will come from China. Should additional regulatory scrutiny restrict China’s other nuclear ambitions in the UK, notably a planned power plant at Bradwell, it could jeopardise the rationale for Chinese investment at Hinkley Point. EDF has warned that, without Chinese money, it may not proceed with the Hinkley scheme.

Although the concerns of security chiefs and Nicholas Timothy, the prime minister’s adviser, have been addressed with a compromise that avoids an outright block, there is no clarity on the extent to which China is to be encouraged to play a strategic role as an investor in the UK nuclear programme.

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